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USAID Afghanistan ABADE Program

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TABLE OF CONTENTS

LIST OF ACRONYMS	IV
EXECUTIVE SUMMARY	6
Program Highlights.....	6
COMPONENT 1: PUBLIC PRIVATE ALLIANCES	7
PPAs Signed In This Quarter	7
Concepts Pre-Approved by USAID	9
Preparation of Alliances	10
COMPONENT 2: TECHNICAL ASSISTANCE AND BUSINESS ADVISORY SERVICES	11
Technical Assistance and Training Services	11
BDS sector strengthening.....	14
COMPONENT 3: BUSINESS ENABLING ENVIRONMENT	15
Identify and Analyze Legal, Regulatory, and Administrative Barriers	16
Providing Support to MOCI and Private Sector Stakeholders to Develop Updated Action Plans for Targeted Industry Sectors	17
Mobilizing Stakeholder Support for Collective Efforts to Remove Legal, Regulatory, and Administrative and Business Development Barriers	18
Institutional Support to Afghan Investment Support Agency (AISA).....	19
Support to GIROA for Forming Public-Private Partnerships	19
COORDINATION MEETINGS	19
PUBLIC OUTREACH ACTIVITIES	22
Outreach and Communication Events	23
GENDER HIGHLIGHTS	24
Women Outreach.....	24
Improving Women’s Access to the Workforce	25
ENVIRONMENT	25
PERFORMANCE INDICATORS	26

LIST OF ACRONYMS

ABADE:	Assisting in Building Afghanistan by Developing Enterprises	GIROA:	Government of the Islamic Republic of Afghanistan
ABIF:	Afghanistan Business Innovation Fund	GIZ:	Deutsche Gesellschaft für Internationale Zusammenarbeit
ADF:	Agricultural Development Fund	GMP:	Good Management Practices
AIBF:	Afghan Institute of Banking and Finance	IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, West
AISA:	Afghanistan Investment Support Agency	IESC:	International Executive Service Corps
ANSA:	Afghan National Standard Authority	ILO:	International Labor Organization
ANSA:	Afghan National Standards Authority	IQC:	indefinite quantity contract
AO:	Agreement Officer	IR:	intermediate results
AOR:	Agreement Officer's Representative	ISAF:	International Security Assistance Force
APPF:	Afghan Public Protection Force	IT:	Information Technology
ASMED:	Afghanistan Small Medium Enterprise Development Program	LARA:	Land Reform in Afghanistan
AWDP:	Afghanistan Workforce Development Program	LRA:	Legal, regulatory, and administrative
AWDP:	Afghanistan Workforce Development Program	LTTA:	Long-Term Technical Assistance
BDS:	Business Development Services	M&E:	Monitoring and Evaluation
BSP:	Business Service Provider	MoCI:	Ministry of Commerce and Industries
CHAMP:	Commercial Horticulture and Agricultural Marketing Project	MoF:	Ministry of Finance
COP:	Chief of Party	MoM:	Ministry of Mines
DCOP:	Deputy Chief of Party	MRRD:	Ministry of Rural Rehabilitation and Development
DFID:	UK Department for International Development	NGO:	Non-Governmental Organization
DOC:	Department of Commerce	OAG:	Office of Agriculture
EGGI:	Economic Growth and Governance Initiative	OEGI:	Office of Economic Growth and Infrastructure
EPPA:	Export Promotion Agency of Afghanistan	OHS:	Occupational Health and Safety
FAIDA:	Financial Access for Investing in the Development of Afghanistan	PIO:	Public International Organizations
		PMP:	Performance Management Plan
		PPA:	Public-Private Alliances
		RADP:	Regional Agriculture Development Program

RAMP-UP: Regional Afghan Municipalities
 Program for Urban Populations
 RFA: Request for Application
 SME: Small and Medium Enterprise
 STTA: Short-Term Technical Assistance
 SUPPORT II: Services under Program and
 Project Offices for Results
 Tracking
 TA: Technical Assistance
 TAFA: Trade and Accession Facilitation
 for Afghanistan
 TAMIS: Technical, Administrative, and
 Management Information System
 TFBSO: Taskforce for Business and
 Stability Operations
 USAID: United States Agency for
 International Development
 USG: United States Government
 VEGA: Volunteers for Economic Growth
 Alliance
 WB: World Bank
 WED: Women Enterprise Development

EXECUTIVE SUMMARY

VEGA/IESC implements the Assistance in Building Afghanistan by Developing Enterprises (ABADE) Program under Leader-with-Associate Cooperative Agreement No. EEM-A-00-04-00002-00, Associate Cooperative Agreement No. AID-306-LA-13-00001. The period of performance is October 16, 2012 – October 15, 2016.

IESC is the lead implementer of the ABAD E Program, joined by Land O'Lakes International Development and DAI. ABAD E supports USAID Assistance Objective 4: *a developed business climate that enables private investment, job creation, and financial independence* by helping SMEs grow their businesses. The latter is achieved by providing small and medium enterprises (SMEs) and Innovative Alliance Partners with the appropriate equipment and technologies, access to technical assistance, and business-specific inputs they need to succeed. ABAD E's three components are designed to increase the productivity and investment potential of SMEs in Afghanistan, generate employment, and improve Afghanistan's business enabling environment.

This report presents ABAD E's progress in the third quarter, April 1 – June 30, 2013, and program activities carried out within the project's three main components.

PROGRAM HIGHLIGHTS

At the end of the third quarter, the portfolio of concept notes submitted has grown significantly (see Component1), and ABAD E was able to sign five PPA agreements with alliance partners. A high profile signing ceremony was organized on June 19 in Kabul, in the presence of H. E. Muzamil Shinwari, Deputy Minister of Commerce and Industry; Mr. Wafiullah Iftikhar, President and CEO of AISA; Mr. Jerry Bisson, Acting USAID Mission Director and Ms. Kerry West, ABAD E AO.

The third quarter was marked by the opening of ABAD E regional offices in Mazar-i-Sharif and Herat, formalized by opening events attended by the main provincial authorities, Government provincial agencies, and USAID representatives. After the openings, ABAD E organized application preparation workshops in Kabul, Herat, and Mazar-i-Sharif; these are described in the next section of the report.

The two regional teams have initiated ongoing outreach to the business community and are coordinating with other regional initiatives. The ABAD E team has further increased these outreach efforts by mobilizing a PPA development specialist (STTA), who supported the Kabul and regional teams in engaging with potential applicants and facilitating their applications. In addition, the contacts ABAD E made with other projects, e.g. FAIDA, NMD, ADF, TAFA, CHAMP and others, have helped increase operational cooperation between programs. This has generated an additional inflow of applications.

In the third quarter, ABAD E has amplified the outreach and communications activities that were initiated with the official program launch events in Kabul, Herat, and Mazar-i-Sharif during the previous quarter. ABAD E's technical and administrative management information system (TAMIS) is now in use, and ABAD E staff are using this application as the central tool to organize, approve and track all activities.



Geo Search Company, an Afghan Marble extraction and processing plant, signs one of the first five Public-Private Alliances with USAID/ABAD E. June 19, 2013.

COMPONENT 1: PUBLIC PRIVATE ALLIANCES

Component 1 provides sub-awards to Afghan SMEs and consortia of SMEs and organizations engaging in economic development activities at the small and medium enterprise level. The PPAs are divided under two sub-components, SME Alliances and Innovation Alliances:

Component 1A - SME Alliances: Support to existing, productive SMEs, consortia, or joint ventures of existing SMEs through a competitive award process to mitigate business expansion risks, encourage private investment for business growth and job creation, and expand markets for alliances.

Component 1B - Public-Private Innovation Alliances: PPAs to stimulate private-sector-led development and investment through innovation-focused sub-awards. Innovation Alliances target investments in organizations or businesses that offer non-traditional business approaches to create: 1) economic stability, particularly in rural areas, in the form of job creation and income enhancement; 2) economic growth with a focus on jobs; workforce development through vocational-technical training, particularly of youth; promotion of the role of women; and 3) the use of science and technology in enhancing Afghanistan's development.

PPAS SIGNED IN THIS QUARTER

Five PPAs were approved by USAID during June, and implementation immediately commenced after the signing. The approved PPAs are:

Geo Search Company, which started operations in 2007. Geo Search is now a leading professional Surveying and Geotechnical company employing 70 persons and providing services to land development and construction companies. Geo Search's vision is to be one of the regional leaders in exporting marble and granite, and they rely on a technical and engineering approach to deliver high quality stone products. Having identified a promising marble site in Maidan Wardak, Bihsud district, Geo Search has acquired the quarrying rights for that site. Geo Search now needs advanced technology equipment for extracting, cutting and polishing marble. The investment in modern machinery amounts to \$1,130,000, for which ABADE will contribute up to \$342,400. The PPA will enable the production of high quality marble products that will be sold to construction firms both in Kabul and in regional markets. Geo Search expects the new business will create around 160 direct jobs, and almost 750 indirect jobs in associated businesses.



ABADE is supporting Geo Search Company in Kabul City, by providing modern machinery for extracting marble. April 13, 2013.

Binazeer Construction Company (BCC), a woman-owned business, was established in 2009 and operates in the construction industry. The CEO and Manager of the company is a civil engineer and the company currently employs 7 people. After completing several construction contracts in Kabul and Kandahar, in 2012 Binazeer began manufacturing construction equipment, including adjustable jacks and construction lifts. Recognizing a growing demand for this kind of products, Binazeer wishes now to diversify their product offerings by acquiring more production machinery. They requested ABADE support in the amount of \$40,800, complementing their own investment of \$107,600. The proposed PPA will create 17 new direct jobs and at least twice as many indirect jobs in construction and supporting businesses.

The new investment will assist BCC in diversifying their production, allowing the company to sell new products to local builders, including column fillers, concrete mixers, steel frames, and concrete masonry units. Such products, conveniently priced, will compete favorably against the same equipment imported from regional countries.

AgriFood Trade B.V and Buzurge Afghan J.V Nut Processing Company was established in 2010. The president and vice president of the company are originally from Nangarhar Province where they developed an export business of dried and fresh fruit, nuts and spices. After some trade deals with the Dutch firm Agri Food Trade BV, and recognizing the growing demand for pine nuts, the two firms agreed to establish a joint venture to develop a modern pine nut processing factory in Kabul. The pine nut kernels will be processed using the latest shelling technology, under hygienic conditions, making the final product ready to be sold in the main European retail chains. The proposed PPA entails acquiring equipment and establishing storage facilities, as well as training operators and supervisors in modern production management. The total investment is \$2,847,225; ABADE will procure up to \$908,000 of factory equipment and will supply services towards capacity building.

While modern machinery and packaging will ensure export-readiness of pine nut kernels, the proposed PPA includes a robust environmental management plan implemented in cooperation with Afghan authorities, to guarantee that such exports are not detrimental to the Chilgoza pine forests. The proposed Alliance will create 40 direct jobs, and generate increased and more stable incomes for thousands of pine nut collectors.

Green Hewad United Agriculture Products Processing Company

was established by a group of young businesspersons from Kandahar. It is a branch of the Green Hewad United Group of Companies. Its manager brings several years of experience in agricultural development to the company as the Head of the Agriculture Development Association and a keen knowledge of the fruit trade. The aim of the Green Hewad project is to introduce new ways to process fruits, producing innovative or high-value products that will be sold regionally. Green Hewad will use solar-powered dryers to produce dried figs and apricots with improved color, a modern frying line to produce roasted and flavored peanuts, and expellers to extract natural oils from walnut and apricot kernels. The strength of the project is in the match between investment and market demand: each type of product is in high demand, and local production will compete favorably with imported specialties. The new facility, to be located in the Shorendam Industrial Park, entails a total investment of \$358,376. Green Hewad partners have committed \$239,360, and ABADE will support the procurement of some machines up to a value of \$119,216. The proposed Alliance will create 37 direct jobs in the factory, and some 400 part-time jobs along the supply chain.



ABADE is supporting Green Hewad Agricultural Processing Company in Kandahar with dried fruit processing machinery. June, 2013.

Green Organic Company is a newly established women-owned and operated company. The president is a graduate of the '10,000 Women Program' of the American University of Afghanistan. She developed a plan to initiate vermicomposting in Afghanistan. After some initial trials, she came up with a vermicomposting project that will use earthworms to digest organic waste that is currently burned, and will produce compost and worms. Green Organic aims



ABADE is supporting the Green Organic Company in Kabul City, by providing worms for vermicomposting. June 18, 2013.

to pilot the development of organic fertilizer in the country, to sell to both women (home gardening) and farmers (compost, and worms as animal feed). The proposed Innovation Alliance is expected to create some 10 jobs directly and more than 20 indirectly. It will require a modest investment of \$65,290, of which Green Organic will provide \$40,300 and ABADE will provide \$24,990.

CONCEPTS PRE-APPROVED BY USAID

During the quarter, USAID pre-approved 26 concept notes. Twenty-one of these concept notes were SME Alliances, and five Innovation Alliances. A wide range of industry is represented, from marble quarrying and processing, to the first Afghan fast food chain.

Total Concept Note Received	Total Concept Notes Accepted by Evaluation Committee	Total Concept Notes Rejected by Evaluation Committee	Total SME Alliances Pre-Approved by USAID	Total Innovation Alliances Pre-Approved by USAID
88 Concept Notes	50 Concept Notes	38 Concept Notes	21 Concept Notes	5 Concept Notes

The entire list of concept notes is provided in Annex 1. The following are highlighted examples of concepts that will be presented as full applications to USAID at the beginning of the 4th quarter.

- **Paiwastoon (Magic Box server/router):** ABADE's contribution (\$103,000) to this Innovation Alliance would help finance Paiwastoon's production of an innovative low power, low cost, low bandwidth server controller "magic box" for Afghan SMEs which would allow IT service companies to remotely service network installations in remote locations, increasing the size of the SME market for IT services. Approximately 50 full-time equivalent (FTE) jobs will be created once the boxes are in production with the expansion of the IT market.
- **Yasmin ARA, (tempered glass):** This project involves investment in a glass-tempering factory for the domestic processing of the flat glass currently imported from Pakistan. After initial reviews, Yasmin ARA has submitted a revised application. Phase I would generate some 400 jobs and requires an ABADE investment of \$900,000.
- **RTC (payment solution provider):** RTC will set up a network of point-of-sales terminals and servers to enable card payments in areas of Afghanistan where these facilities are lacking. These point-of-sales terminals and servers will facilitate financial transactions for SMEs, for an ABADE investment of \$360,000. The company is woman-owned and managed, and the majority of work places established will be for women. The project was referred to ABADE by USAID's FAIDA program.
- **Nikqadam Javed (construction materials):** The Company will be engaged in the processing, design, and sales of construction materials. The venture is expected to create 44 jobs with an ABADE investment of \$350,000. The PPA would benefit the construction industry by producing locally manufactured materials.
- **Payame Noor (children's books):** Payame Noor is engaged in the design, printing, and sale of children books authored and illustrated by Afghans. The PPA will promote a new genre in the Afghan publishing industry that will foster an attractive and competitive market for female authors,



ABADE is supporting the Nikadam Javed Company in Kabul, by providing marble cutting equipment. May 11, 2013.

designers, and publishers with an ABADE investment of \$83,330. The PPA with Payame Noor was approved by USAID in July 2013.

- **Badghis Ice Factory (ice production and fruit juice packaging):** A joint venture of two experienced companies, the factory will produce and distribute ice for food cooling (such as at packing sheds), food transport, short term storage, and fruit juice production and packaging. Direct and indirect job creation is estimated at 75 people, however the ice production will benefit food producers by improving product quality and reducing losses during transport. ABADE would invest \$143,950.

In addition to the pre-approved concept notes, ABADE is cooperating with an additional 19 applicants to improve their concept notes sufficiently to meet USAID pre-approval requirements by providing mentoring and clarifications in drafting their concept notes (see Component 2).

PREPARATION OF ALLIANCES

As envisaged in the work plan, ABADE roadshow presentations held in the second quarter were followed by application writing workshops. The first such workshop was held in Kabul on March 24. Lessons learned from this first workshop allowed ABADE to tailor subsequent workshops. During the third quarter workshops were delivered under the supervision of ABADE staff by a BDS provider, which was selected competitively. The new workshop format has proven to be more effective and includes small group meetings, a shorter time devoted to slide presentations, and a question-and-answer session, with the opportunity for one-on-one meetings.

The application writing workshop in Herat was attended by 70 businesspersons including 12 women and 10 participants from remote districts. Most participants expressed their satisfaction with the workshop contents. The ABADE regional staff has followed up actively with the businesses that showed interest, and over 10 concept notes were received by ABADE in the three weeks that followed.

The application writing workshop in Mazar-i-Sharif gathered 91 participants. About thirty potential applicants were identified at the workshop. Follow-up visits and discussion in the week following the workshop helped a dozen SMEs to submit their concepts to ABADE.

The ABADE team delivered a presentation on May 28 to twenty members of the AISA Investment Support Department, with the participation of Mr. Mohammad Shams, Vice-President for Investment. The presentation was followed by a lively question-and-answer session. AISA confirmed their interest in holding an application writing session to select potential investors. This workshop is planned for July.

During the third quarter, ABADE considered 53 additional concept notes, bringing the total portfolio to 88 concept notes. (ABADE also receives numerous grant applications, business plans, brochures, etc. which are not included in the count and were returned to sender). Among the 53 concepts notes considered during the third quarter, 26 have been pre-approved by USAID: 21 for SME Alliances and 5 for Innovation Alliances. The remaining concept notes are still under review.

In the third quarter, the Component 1 team finalized 5 PPA applications that were approved by USAID and signed by the PPA partners. The Component 1 team is currently finalizing 29 full application packages and improving 19 other concept notes. ABADE is now registering new concept note submissions at a rate of 8-12 per week, with a steady increase since the start of operations of the ABADE regional offices in Mazar-i-Sharif and Herat and improved outreach to and communication with potential applicants (see the section on Public Outreach Activities).

COMPONENT 2: TECHNICAL ASSISTANCE AND BUSINESS ADVISORY SERVICES

Component 2 provides technical assistance for sub-award recipients and program stakeholders to improve their operations and management capabilities. ABADE assistance focuses on resolving technical business issues such as market entry, production, access to finance, profitability, and achievement of quality standards.

The services are divided up into pre-award and post-award services, the first being assistance to prospective alliance partners to develop their applications for partnerships, and the second being technical support services for PPA implementation as provided for in the PPA agreements.

Pre-award services provide assistance with business plan development, particularly financial review, marketing, and budgeting, while post-award services include technical assistance, management, and staff training to aid in implementation of the PPA. Depending on the industry sector ABADE may require some technical assistance or training prior to disbursement of PPA assistance, e.g. in the food processing industry: good management practices, HACCP and hygiene issues, and in the marble industry: worker safety and health.

TECHNICAL ASSISTANCE AND TRAINING SERVICES

In the third quarter, the Component 2 team has been engaged in supporting potential PPA partners in delivering a number of application writing workshops for PPA applicants and in assisting in the review and selection of concept notes. In addition, the team has been engaged in outreach to prospective PPA partners, implementing a number of supporting activities.

Concept Note Workshops: ABADE conducted a number of concept note workshops for interested applicants during meetings with Afghanistan Chamber of Commerce and Industries (ACCI) and sector associations encouraging the organizations to inform their members of ABADE PPA opportunities and to arrange concept note workshops at their own premises. The objectives of the workshops were to disseminate knowledge of ABADE, support prospective applicants, and facilitate concept note writing. Each workshop was followed by a question-and-answer session and face-to-face consultations with ABADE representatives on concept notes and development needs.

Sector associations that have made preparations to assist ABADE with the dissemination of survey questionnaires have also agreed to inform their members of PPA opportunities and organize concept note writing workshops for their members. Preparation of workshops is in progress and workshops have been confirmed by the carpet and gemstone Associations. Early next quarter the Afghanistan Marble Industry Center of Excellence will arrange a concept note-writing workshop for their members. The Center has 8 concept notes in progress and 2 more almost completed.

On April 30, 2013 the Herat regional office—supported by the subcontracted local business service provider, Agile Consulting Services—arranged a concept note workshop in Herat attracting management representatives from 71 local enterprises and businesses. The goal of the workshop was to equip participants with the knowledge and skills needed to define their concepts and write them in an application. This was followed by a workshop on June 4 in Mazar-i-Sharif. Eighty-six individuals attended the Mazar-i-Sharif



ABADE Component 2 team held a concept note writing workshop in Herat Province, April 30, 2013.

workshop from different industry sectors and a total of 14 concepts were identified for follow up. On June 5 and 6 Agile had one-on-one meetings with all 14 businesses in order to write up short narrative descriptions of their concepts.

B2B Matchmaking Event in Kandahar: ABADE participated in a B2B Matchmaking Event in Kandahar arranged by FAIDA, to present the program to the Kandahar business sector. Interest shown during the question-and-answer session indicates that ABADE may expect a number of concept notes from this region.

Component 2 support for the formation of women-focused public private alliances and innovative workplace models has been delayed until Quarter 4. ABADE designed a STTA assignment to identify potential women-focused SME Alliances and Innovation Alliances, including those that pilot new workforce models for women. The consultant will lead a significant outreach effort, assist partners in the development of concept note ideas, and will refer potential Alliances to the ABADE team for further development. The scope of work for this consultant includes outreach to women-owned businesses and potential women-owned businesses with the goal of developing viable concept notes. Workshops are planned for a group of women-owned businesses in Herat and in Mazar-i-Sharif for a women's business center.

PPA development specialist: ABADE engaged a short-term PPA development specialist to help identify and develop a substantial pipeline of potential PPAs. The PPA development specialist has led a significant outreach effort, supported by local business service providers, to promote and develop PPAs. The first part of this assignment was completed at the end of June, and the consultant developed a regional 'outreach database' that prioritizes SMEs with a high potential of becoming applicants. The consultant also identified a number of constraints and opportunities for developing PPAs and provided recommendations for addressing constraints and leveraging existing opportunities, among which are:

- a) Reinforce efforts to highlight the PPA opportunity in targeted Afghan business forums;
- b) Use ABADE staff to rapidly identify Business Service Providers (BSPs) that are willing to write concept notes directly for potential applicants on a fee basis and make the contact details of these BSPs available to potential applicants;
- c) Rebalance the Kabul ABADE team to provide a dedicated team that can directly conduct PPA promotion outreach events and discuss potential concept notes on a one-on-one basis with applicants and reach out to BSPs;
- d) Expand outreach to other 'institutional actors' that have SME development initiatives, and specifically engage formally with those that have capacity to support potential applicants through the concept note development process;
- e) Establish a formal feedback loop from potential applicants on which types of outreach/support were most effective in order to effectively target outreach and support efforts; and
- f) ABADE should seek to engage sector experts and/or desk based researchers on a part-time basis to assist the Component One team; this can be done by using both in-country experts and internationally based experts, preferably with significant experience in Afghanistan.

In the next stage of the assignment the consultant will provide support to the Component 1 team to finalize pending concept notes. In addition, two trips are planned to the regional offices to conduct PPA outreach events that include concept note writing sessions and one-on-one concept development discussions.

PPA development specialist activities for next period:

- Initial support to Component 1 team on pre-approved concept notes;
- A trip to Mazar-i-Sharif to conduct at least two PPA promotion outreach events that include concept note writing 'surgeries' and to provide time for one-on-one concept development discussions. This period will also provide capacity development support to the regional ABADE team.

- A short trip to Herat for one-on-one concept development discussions and to assess the maturity of pre-approved applicants in the Herat region. This period would also provide capacity development support to the regional ABADE team.
- Focus on conducting PPA promotion, one-on-one concept development discussions and assessing the maturity of pre-approved applicants in the Kabul region.
- Throughout the trip the PPA development specialist will seek to engage as many other institutional actors as possible (especially AKF, Turquoise Mountain, and educational institutions), as well as identifying as many BDS firms as possible.

Women focused training: In support of the objectives of facilitating women’s workforce participation and providing necessary training to women, which includes training to build “high value” skills in information technology, engineering, and finance, consultancies have been designed and trainers identified to deliver training of trainers (TOT). Training participants will be identified through an open request for applications for possible candidates with the basic computer skills capabilities required to participate in these trainings. Subsequently, candidates will be screened and selected with assistance from the STTA trainer. Initial sessions are planned for the following skills:

Website design, planning and maintenance:

1. Deliver website training to 10 women to become trainers in website technologies, webpage design, and website planning and maintenance. Training will include the use of Adobe Flash for animation and Adobe Muse for the creation of websites without coding. Graphic design programs, such as Adobe Photoshop or Corel Draw, that produce graphic input for web-design will be included in the training.
2. Introduction to web-site management, website strategy, development and maintenance, marketing, online campaigns, and e-commerce to make a significant and measurable contribution to growth of SMEs.

CAD (computer aided design):

1. Deliver training to 10 women in CAD (computer aided design) skills targeted to construction technicians, architects and designers. These 10 women will function as trainers in CAD, including drafting and editing of drawings in industry relevant 2D or 3D CAD applications, and particularly construction of 3D models using 3D coordinate systems, editing facilities and visualization of current structures.
2. The training will include file management functions, shortcuts, file formats and other features of operating systems that are relevant to CAD programs, which will enable participants to use electronic drawing programs to design cross-sections and facades from finished 3-D object-based plan drawings and detail drawings. The trainings will also teach participants to draw them using BIPS layer structure.
3. Introduction to design management environment, systematic design procedures and archiving, and development and maintenance of design services, to make a significant and measurable contribution to growth of SMEs.

ICT, website construction and engineering design are in high demand and represent excellent opportunities to provide services to SMEs that do not have internal web design or CAD capabilities. Both groups of women will be trained in project administration, website design, timelines and costing, efficient workflow practices and client relations (internal and external clients). Further training of 20-25 women in each of the subjects will subsequently follow the ICT trainer sessions. A similar scope of work for high value training in business finance has been developed, with implementation planned for the fourth quarter of 2013.

Business plan development for food processing companies: ABADE staff conducted a two-day workshop on general business plan development (June 26-27), as well as a two-day workshop on food processing and enterprise specific issues (July 3-4). ABADE will support the participating enterprises in preparing their business plans by delivering additional in-house assistance in July.

Round Table - the marble industry in Herat: The marble deposits of Herat province are considerable and deemed to have similar or better quality than the marble deposits of the world's biggest marble exporters. However, frequent communications from the marble industry in Herat and field program staff point at a disproportion between demand and supply of marble extracted and the needs of the marble producers, preventing supplies from processing all periods of the year. Currently the supply of marble for processing is in the hands of a few enterprises, also processing themselves. The supply of marble for processing available to enterprises without their own extraction is unstable and does not satisfy the demand. Recently ABADE has been approached to assist with the re-opening of previously closed quarries by investing in new, approved extraction technology. ABADE plans to arrange a round table discussion on the development of the industry and the remaining supply from existing quarries (number, location, capacity, markets, expansion possibilities etc.) and any planned new quarries. Quarries closed down due to the ban on blasting, may be re-activated by using appropriate extraction technologies. At the same time ABADE would like to assess the processing capacity in the region (number, location, capacity, markets, current technology, expansion possibilities, etc.).

The round table discussion should familiarize ABADE with the mismatch in industry supply and demand (most of the marble supply for processing is controlled by a few major players who are also processing finished marble products) and with the possibilities to provide assistance in modernizing the industry by investing in new, efficient technology for both extraction and processing. The goals of the round table will be an agreed strategy and discussion of an action plan, and the feasibility of an industry survey.

Training planned for next two quarters: General training sessions (not related to pre- or post- award PPAs) are planned for the construction industry on reinforcement, welding, and site management; in the carpet industry on dying, washing, cutting, and finishing; in the marble industry on extraction, cutting, polishing, and finishing; in the gemstone industry on cutting, polishing, mounting, and design; and finally in the food processing industry on good management practice, HACCP and food safety certification, and international standards and quality assurance in processing, packaging and distribution of vegetables, dried fruit and nuts. Additional training needs may be identified through the ongoing SME surveys.

BDS SECTOR STRENGTHENING

The capacity building of BDS providers is on-going. A follow-up meeting was held on May 1 with 58 participants (of which 16 were women). Examples of different international service provider organizational structures were presented and various possibilities were discussed to help the BDS providers organize themselves and gain industry representation, recognition, and negotiating strength. The group decided to establish committees (working groups) to work on international certification (through ICMCI: International Council of Management Consulting Institutes), on a BDS Resource Centre, and on the promotion and recognition of the BDS industry once the results of the current BDS supply and demand surveys are known.

Nationwide Inventory of BDS Supply and Demand: The international STTA business advisor successfully completed the first phase of his assignment during the period of May-June. The survey task was tendered and BDS providers were selected to implement the two surveys. Survey activities commenced in late June.

Several meetings with stakeholders and ABADE management have resulted in agreed survey designs to create an inventory of BDS services available in the market and an inventory of demand for services among SMEs. Meetings with the prospective BDS providers were held to agree on the implementation survey measures, particularly encouraging sector associations to actively participate in survey dissemination and follow up on their members that were requested to be part of the survey. The training for the survey has been conducted and, as a result, we expect this training to reflect in the quality of the survey data collected.

The business advisor will be responsible for analyzing the surveys so stakeholders can get a reliable, updated picture of BDS supply and demand and prioritization of the needs on both. He will also support the establishment of a web-based resource database, with the goal of increasing the accessibility of information on BDS supply and the goal of boosting the use of national consulting services. ABADE intends to overhaul an existing website (www.afghanbids.com) and the specialist will thus consult closely with the ABADE IT director on all aspects related to database and website development. The business advisor will also study and propose quality assurance mechanisms to be included in or linked to the database.

The findings of the study will be instrumental in framing ABADE efforts to correct any market mismatch between supply and demand, and to foster better interfacing between providers and SMEs. Various options should be identified to establish a sustainable interfacing arrangement. The specialist will organize an orientation workshop to present the results.

COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

The objective of Component 3 of the ABADE Program is to help improve the business enabling environment for SMEs by identifying key impediments and working with stakeholders to remove legal, regulatory, and administrative barriers to business success. The component is engaged in identifying and analyzing legal, regulatory, and administrative barriers faced by SMEs in targeted industry sectors. As business constraints are identified, ABADE helps mobilize stakeholder support for efforts to remove barriers, develop services and procedures for helping SMEs solve problems, and support legal, regulatory, and administrative reforms to improve the business environment in targeted industry sectors. As part of these efforts, Component 3 also provides capacity development support to business associations and government departments that are working to remove constraints and improve operating conditions in the targeted industry sectors.

During the initial start-up phase for Component 3, ABADE met with the World Bank (WB)/IFC team to discuss the work they were doing as part of their *Doing Business* project, particularly with respect to reducing the number of days to obtain business licenses and construction permits. It was concluded that the WB *Doing Business* team was fully engaged in working on these two issues and that there was very little that ABADE could contribute to supplement the WB team's efforts.

Further discussions with MOCI and AISA indicated that there are higher priorities for ABADE support that these agencies would like the ABADE Component 3 Team to address. These include:

- Assist the SME directorate of MOCI in updating the action plans for six priority sectors and develop procedures and systems for coordinating efforts to implement the priority initiatives included in these action plans.
- Assist AISA in 1) formulating a communications and media strategy aimed at improving perceptions of investment opportunities in Afghanistan and promoting investments in targeted industry sectors, 2) developing improved procedures and systems for tracking investor inquiries, and 3) training their staff in investment promotion best practices for selected areas of their operations.

ABADE, therefore, proposed to discontinue the following indicators:

- B - Reduction in the number of days to obtain business licenses
- C - Reduction in the number of days to obtain construction permits

Instead, ABADE proposed to introduce a new indicator, Indicator No. 10: Number of Action Plans accepted by MOCI.

ABADE would define an Action Plan as a planning document that describes the strategies and priority actions that need to be implemented over a specified period of time to promote business growth and employment in targeted industry sectors. With ABADE support, MOCI is in charge of coordinating the development and implementation of these action plans, with inputs from private sector stakeholders, donor organizations, and government ministries. ABADE would consider the Action Plan accepted when MOCI signs it.

This proposed change was formally submitted to USAID and subsequently accepted. However, since the indicators are officially listed in the Cooperative Agreement, an agreement modification will be implemented with the next contractual action, i.e. an incremental funding request in July 2013.

IDENTIFY AND ANALYZE LEGAL, REGULATORY, AND ADMINISTRATIVE BARRIERS

During Quarter 3 , the Component 3 team continued to work with MOCI, AISA, private sector stakeholders, and other development organizations to identify legal, regulatory, and administrative barriers and other business development impediments that need to be overcome to stimulate the growth of enterprises in high priority industry sectors, including carpets, agribusiness, marble, gemstones, and construction inputs. This effort involved conducting an ongoing review of written reports and publications, soliciting feedback from companies and business associations through individual interviews and business roundtables, participating in meetings and discussions with representatives of other donor projects, and holding regular meetings with MOCI and AISA to discuss possible actions they can support to help improve the business environment.

The Component 3 team is devoting particular attention to assessing legal, regulatory, and administrative barriers affecting two particular groups:

- ABADE PPA applicants, and
- Stakeholders in the targeted industry sectors selected for the action plan update efforts.

To date there has been only limited demand from PPA applicants for help in dealing with legal, regulatory, and administrative impediments. However, the demand for assistance is expected to increase as more PPAs advance from the planning to the project implementation phase.

Component 3 efforts to identify and analyze legal, regulatory, and administrative barriers affecting business growth during Quarter 3 have focused principally on the problems faced by firms in the carpet and agribusiness sectors. These analyses are being carried out as part of our efforts to support MOCI in updating the action plans for these two sectors. Details are provided in the next section.

PROVIDING SUPPORT TO MOCI AND PRIVATE SECTOR STAKEHOLDERS TO DEVELOP UPDATED ACTION PLANS FOR TARGETED INDUSTRY SECTORS

The ABADE Component 3 team has been actively working with MOCI and other stakeholders to identify legal, regulatory, and administrative constraints, as well as other business development problems, that are inhibiting growth in the high priority sectors included in the GIRoA stakeholders (firms, business associations, donor projects, NGOs, and other government agencies) to identify an SME Development Strategy. ABADE is also working with a broad range of solutions to these problems, including identifying specific actions that will be included as priority tasks in the updated industry sector action plans.

During this past quarter, ABADE's Component 3 team has been focusing on two priority sectors—carpets and agribusiness. The tasks that have been carried out to develop the updated MOCI action plan for the carpet sector have included:

- Reviewing existing reports and market data on the Afghan carpet sector to understand the extent and composition of this sector, the status of the carpet sector value chain, its competitive position vis-à-vis producers in other countries, previous and current efforts to support the development of this sector, and principal development challenges.
- Conducting interviews with carpet sector producers, traders, and business associations to gather information on current business conditions and trends, principal problems and challenges that they are facing, and priority actions that they feel need to be undertaken to overcome current constraints and stimulate the growth of their business activities.
- Conducting a business roundtable on June 5 to solicit feedback from carpet sector producers, traders, and association representatives on the most serious problems they are facing and actions they would like to see addressed in the updated action plan. Thirty companies and business association representatives participated in this meeting.
- Conducting a second carpet sector workshop/working group meeting in Kabul on June 26 that involved a broader set of organizations and companies working on carpet sector activities, including 48 participants from companies, carpet associations, donor programs, NGOs, and GIRoA representatives from several ministries and agencies (MOCI, AISA, and MoF). This meeting provided an opportunity for private sector stakeholders to engage government representatives and donors in a direct dialog to discuss the current constraints they are facing and their priority needs for development assistance. The ABADE Component 3 team is working with MOCI to incorporate the findings and conclusions from this meeting into the updated action plan.
- Developing a draft version of the carpet sector action plan that will be finalized during the first half of Quarter 4.

The next steps in formulating and implementing the carpet sector action plan, to be carried out in the first half of Quarter 4, will involve the following activities:

- Meeting with donor organizations and other stakeholder groups to identify sources of funding and technical support that can be mobilized to support the implementation of the carpet sector action plan.

- Developing a final version of the action plan, including priority actions that will be implemented over the next three years; sources of technical and financial support; stakeholder roles and responsibilities; implementation timelines and milestones; and expected results and indicators.
- Helping MOCI organize and conduct a larger carpet sector conference to review the final version of the action plan, achieve buy-in from different groups of stakeholders, and officially launch the implementation of the action plan.

Work on updating the agribusiness sector action plan was initiated at the beginning of June and is expected to be completed by mid-September. The plan for developing the agribusiness action plan is largely the same as that followed for the carpet sector. However, in addition to the initial review of the status of the agribusiness sector and the firm-level and association interviews that have been carried out during Quarter 3, the ABADE Component 3 team plans to organize two business roundtables during the first part of Quarter 4, including one with stakeholders involved in food packaging and a second one with stakeholders involved in food processing. Additional meetings will be held with relevant government ministries, including MAIL, Ministry of Rural Rehabilitation and Development (MRRD) and MOCI, as well as with representatives of donor programs and NGOs working on agribusiness sector problems.

Expected results from these activities include:

- Updated action plans for the carpet and agribusiness sectors, including implementation plans, expected deliverables and milestones, and performance indicators (to be completed in Quarter 4),
- Increased participation by private sector stakeholders in formulating and implementing action plans (public private dialogue),
- Measurable progress being achieved in overcoming business environment and development constraints as a result of active cooperation among different stakeholder groups in implementing the priority actions included in these action plans.

MOBILIZING STAKEHOLDER SUPPORT FOR COLLECTIVE EFFORTS TO REMOVE LEGAL, REGULATORY, AND ADMINISTRATIVE AND BUSINESS DEVELOPMENT BARRIERS

The next stage of our involvement with MOCI and other stakeholders in efforts to implement these first two action plans and develop similar plans and procedures for 3-4 additional industry sectors will include ongoing efforts to ensure strong stakeholder support and buy-in. A major objective of our efforts will be to ensure that private sector stakeholders are actively participating in efforts to support development in targeted industry sectors by helping to identify major problems and impediments, providing ideas on possible solutions to these problems, and collaborating with MOCI, other relevant government agencies, and other partners to implement the developed action plans. Indicators of our success in achieving this objective will include:

- The level of participation by business associations and companies in working groups that formulate and implement action plans, specific indicators might be the number of events and the number of private sector participants.
- Written inputs and other feedback being provided on a regular basis by business associations and members as part of the efforts to develop action plans that address major problems and priorities of the businesses participating in these sectors.

INSTITUTIONAL SUPPORT TO AFGHAN INVESTMENT SUPPORT AGENCY (AISA)

The ABADE Component 3 team has been actively working with members of AISA's Investment Promotion Department to help AISA improve the effectiveness of its investment promotion activities. During this past quarter ABADE has helped AISA's Investment Promotion team define their requirements for improving their media and communication activities and has developed scopes of work to provide consulting assistance in two areas: 1) developing video materials that AISA can use for presentations at investment promotion events, as well as on its website; and 2) providing the services of an expat consultant to work with AISA staff on developing an overall media and communication strategy, with a particular emphasis on using online tools and social media channels to promote investments in high priority industry sectors. ABADE and AISA have also discussed the agency's current procedures for tracking investor inquiries. ABADE has worked with AISA to develop terms of reference for an STTA expat consultant that will help them design and implement a new client tracking and reporting system using a customer relationship management/client tracking system software package that is specifically adapted to the needs and business processes of investment promotion agencies. All three of these activities will be implemented during the August/September time frame. In addition to these tasks, the Component 3 team will help organize and help conduct a series of in-house seminars to explore various aspects of investment promotion best practices. These seminars will begin in July and will be held on a monthly or bi-monthly basis, depending on AISA staff schedules.

SUPPORT TO GIROA FOR FORMING PUBLIC-PRIVATE PARTNERSHIPS

Terms of reference have been developed for a purchase order with an international consultant to supply the MOF and other strategic investment ministries with current information on PPP best practices, regional and international experiences, and options for Afghanistan. The assignment will be carried out during Quarter 4. The deliverables for this purchase order will include an action plan specifying the steps that MOF and other government offices need to take to implement the required PPP regulations and administrative procedures, a draft PPP policy and key PPP law provisions, as well as summary model contract templates.

COORDINATION MEETINGS

AISA: After identifying the main areas of support agreed upon in the previous quarter, ABADE has worked with AISA to define operational modalities for such support. ABADE will help AISA achieve the following objectives:

- Research and develop investment opportunities (Best practices in investment promotion);
- Prepare a communications strategy, including supporting a video campaign as an application point;
- Improve internal procedures for tracking and following up with investor inquiries, including options for using client-tracking software (customer relationship management - CRM) to improve customer service and track the status of investors' plans;
- Develop staff capacity, through the presence of ABADE business enabling environment team lead at AISA one day per week; and
- Prioritize AISA's needs and develop a strategy to make better use of available or potential donor assistance.
- Cooperate to identify and select SMEs that have investment projects in industrial parks and that could be eligible to ABADE support.

MOCI: ABADE attended the twelfth working group meeting, on invitation from MOCI/PSD Department. A good exchange of information was achieved, and several follow-up meetings were conducted or scheduled with members of the working group. The next working group meeting is planned in mid-August. In the meantime, MOCI has requested all

private sector participants (and possibly a wider audience) to review the draft action plans and comment on them before the next session. Minutes of the above meeting were prepared and circulated among the ABADE components.

MAIL: The DCOP-Technical, Component 2 Team Leader and Business Adviser met with Mrs. Muzhgan Sadat (MAIL/CBCMP), Head of Economic Regeneration Program, and Mrs. Waheeda Amani, Deputy Director of the Economic Directorate. It was agreed that ABADE will deliver an information session for a group of 20 women leaders of production groups, who plan to go on a business trip to India. Ideas and business projects resulting from the visit would be formalized in concept notes and submitted to ABADE.

ACCI: The ABADE COP met with the CEO and COO/Deputy CEO of the Afghan Chamber of Commerce and Industry. It was agreed that ABADE will brief and train relevant ACCI staff on the PPA procedures and preparation of concept notes. ABADE and ACCI would organize one or more workshops with interested ACCI member companies. ACCI would use their database and channels of information dissemination to promote ABADE opportunities. ACCI is very interested in participating in the Action Plan workshops (under Component 3). ABADE invited the ACCI local offices in Herat and Mazar-i-Sharif to the official launch of the regional offices, and ABADE will post the PPA RFA on the specialized ACCI website (<http://kabul-tenders.org/>)

Afghan Development Fund (ADF): The ABADE PPA team met with ADF to collaborate on an overall financing package of \$3 million for an Afghan firm that plans to produce cardboard boxes.

FAIDA: Coordination has been increasing between ABADE and FAIDA, with referrals going both ways and joint work on certain applications. FAIDA is sharing projects that require some technical assistance before they become bankable, and ABADE is consulting with FAIDA on issues related to commercial funding for possible PPAs. ABADE specialists have been involved in several of FAIDA's events, including, in Kabul (access to finance workshop), in Herat (marble roundtable), and in Kandahar (business to business event on June 12). ABADE and FAIDA held a joint interactive session for the national staff of both projects. This session created a better understanding of respective procedures and operational cooperation. ABADE and FAIDA are actively cooperating on three PPAs: Kabul Packages, Mazatu, and Jade Glass.

Afghanistan Growth Facility (AGF): The ABADE COP met with AGF to discuss details of possible cooperation. AGF and ABADE agreed to meet later, after Mr. Kazem returns to Kabul, to develop further details for engaging around 10 projects from the AGF portfolio, as well as develop a joint scheme for mentorship and skills development of quality managers/CEOs.

Afghanistan Business Innovation Fund (ABIF): ABADE managers met with Mr. Brian Ross, Director of ABIF, a program funded by DFID and AusAID. ABIF manages a \$7.5 million grant fund plus some \$2.5 million in TA/management. ABIF grants average around \$300,000 and focus on the market development and downstream impact aspect, rather than on business development of the healthcare, mining, horticulture and carpets sectors. In their first round, ABIF issued seven grants, and in the second round, they have 28 grant finalists. The two projects agreed that ABIF could refer interesting business ideas to ABADE that do not meet their specific criteria.

TAFA: Although TAFA is approaching its closing period, opportunities for collaboration have been found. ABADE participated in the saffron round table in Herat on April 20-22, 2013, in the marble round table in Kabul on May 5, 2013, and in the dried fruits roundtable on May 10, 2013. Participation in these events allowed ABADE to amplify its efforts in the business enabling environment component, and to promote the possibility of investment support for processing companies. Cooperation will be further extended over next quarter. ABADE will strive to complement TAFA's results in the area of food safety and quality for SMEs in the agribusiness sector.

Marble Center of Excellence: ABADE has deepened its collaboration with this center, which has helped 8 companies to prepare and submit 8 concept notes to ABADE. In addition, ABADE technical specialists have visited the center and appraised the new equipment they have set up for training purposes. ABADE is now considering developing a training partnership with the Marble Center of Excellence, to address the future capacity building needs of several PPA applicants in using high precision quarrying and processing equipment.

ASA-WISSH: In June, ABADE staff met with representatives from the American Soybean Association and the World Initiative for Soy in Human Health (ASA-WISSH). ASA-WISSH is the prime contractor for SARAI, a Food for Progress program funded by the United States Department of Agriculture (USDA). Potential cooperation in supporting various soy production facilities was discussed.

AREDP (MRRD): Together with the AOR and AAOR, ABADE met with the Afghanistan Rural Enterprise Development Program (AREDP), collocated with the Ministry of Rural Rehabilitation and Development (MRRD). AREDP has approximately \$60 million total funding, predominantly from the World Bank, covering 5 provinces (including Herat and Balkh), plus funding from CIDA for Nangarhar and from DFID for Helmand. The program's main focus is supporting micro and small start-ups in rural areas by means of tailored trainings, exposure visits, BDS support, etc. Some expansion of the targeted areas may be possible in 2015. It was concluded that synergy is possible between ABADE and AREDP since the graduates of AREDP's trainings could be interesting potential partners for ABADE, and ABADE could provide follow-on support to good SMEs after they complete their trainings.

Shelter for Life: ABADE had three meetings with Shelter for Life (SFL). SFL is a NGO collaborating with USAID in several countries. In Afghanistan, SFL started as a micro-finance institution; the organization is now transitioning to economic growth (SME support and start-ups), housing finance, and financing or energy-saving schemes. Possible synergies have been highlighted, both for capacity development for SMEs (internships and high value skills training for women) and for possible Innovation Alliances (procurement of small-scale food processing equipment).

Kabul Chamber of Commerce and Industry (CCI): ABADE met with a delegation of the Kabul CCI board members (Messrs.' Abdul Wakil, Same, Omar Turabi, Mohammad Ibrahim, Ghulam Omar, and Ms. Fawzia). It was agreed that CCI would invite ABADE to sectorial chapters meeting, in order to provide members with information on PPA opportunities. The meeting resulted in the submission of eight applications from members.

10,000 Women: This project is funded by Goldman Sachs and housed at the American University of Afghanistan. ABADE attended the 10,000 Women Graduation Event, made a presentation, and met with 50 women specially selected because of the maturity of their existing businesses. ABADE's presentation was received enthusiastically, and dozens of RFAs/concept note applications were requested and later emailed to these attendees. Business representatives from the cashmere, food processing, aluminum and other industries were approached during the event to discuss their projects and potential applications.

Center for Innovation and Entrepreneurship (CIE): ABADE met with Mr. Assad Zamir, promoter of CIE. CIE requires around \$9 million in capital for the full entrepreneurship center project, including capacity building, start up, and venture capital services. ABADE may support the CIE project through an Innovation PPA, with the concept of creating an incubator for entrepreneurs, start-ups, and expanding small businesses. As a future phase, investment projects by CIE's clients/graduates, if eligible, could then be submitted as concept notes for ABADE PPAs.

Roots of Peace: The ABADE COP and DCOP met with representatives of CHAMP (USAID-funded). Significant opportunities have been identified for supporting groups of producers that work with CHAMP, such as:

- Production of plastic packaging machines: All individual fruit packages in Afghanistan are currently imported. CHAMP strives to identify an investor, who could set up a factory to produce plastic extruding/ molding machines for the fruit industry. Such an investment could be submitted to ABADE for an SME PPA.
- Quality of dried fruits: According to CHAMP's assessment, only 15% of the fruits collected eventually reach high-value markets (Gulf States, EU, and USA). CHAMP producers would greatly benefit from modern drying and fruit-coating machines. ABADE has supplied CHAMP with technical info on one low-cost, fully controlled gas/electricity dryer model from Korea. CHAMP will pilot test one Korean machine during the season (apricot and raisins). By September 2013 the pilot test will result in a technical feasibility study defining best sizes, drying profiles, and output quality of the fruits. Based on the results, CHAMP would encourage a dozen of fruit producer organizations to use the technology. These organizations would submit PPA applications to ABADE in 2014. Economies of scale are expected to have a positive impact on PPA preparation, sourcing and logistics.
- Mobile juicing machines: CHAMP has identified a company ready to invest in a mobile juicing line that would produce pure fruit juice in aseptic packages. The company will be invited to submit a PPA application to ABADE.
- CHAMP has also identified the need to develop high grade cardboard box and packaging materials production. ABADE could consider the principle of mobilizing a food-packaging technologist under Component 2, who will assess the needs of SMEs in the fruit sector and propose adequate solutions.

PUBLIC OUTREACH ACTIVITIES

Over the last quarter the Public Outreach team has assisted with regional office opening events and ABADE's first PPA signing ceremony, prepared an advertising campaign, networked with media and women's groups and promoted public outreach for the identification of prospective PPAs. Based on feedback from USAID/DOC, the ABADE Public Outreach Team rebranded ABADE Banners for all ABADE offices, as well as brochures and business cards for all ABADE Staff.

In order to enhance outreach efforts, the team is developing an ABADE advertising campaign to include radio, newspapers, internet, and potentially television and billboards.

A Communications Manager with extensive experience working in Afghanistan and with USAID has been hired to begin work in the next quarter. During the last quarter three outreach activities were approved during this quarter to promote awareness and job opportunities:

TELEVISION

An RFP will be released in July to support the work of the Afghanistan Investment Support Agency (AISA). ABADE will assist AISA by working with an Afghan video production company to develop a 15 minute video presenting the business environment in Afghanistan today to encourage business investments. This video will provide information about the investment climate and procedures, stimulate investor interest in Afghanistan and highlight investment opportunities in specific industry sectors such as mining and agribusiness. The video will be employed as a promotional tool that AISA can use for presentations at investment promotion events, trade shows, and other business events, as well as part of its online promotional efforts.

A second RFP will also be released in July to develop a program documenting business development in Afghanistan. ABADE is doing this activity to promote awareness within the business community by visually showcasing the difficulties and solutions faced by startup and expanding businesses in Afghanistan today. The RFP is a competition to see which

video production house can produce a new one-year series to educate SME's on better business practices. The series will focus on Kabul, Herat and Balkh provinces. The show will interview business owners, employees, government departments, AISA and all relevant ministries working with SME's in Afghanistan. The series will show difficulties faced by businesses and how they can be resolved; how and why businesses achieved their goals; unsuccessful businesses and why they did not work; and provide possible solutions to encourage business development.

RADIO

ABADE will support the production of the "Gold in the Dust" Radio Program with the Afghanistan Educational Production Organization (AEPO). AEPO, formerly BBC Media Action's local implementing branch until becoming an independent entity in 2012, has been producing educational programming that has been broadcast on the Afghan service of the BBC's World Service since 1994. The 'Gold in the Dust' radio show has been broadcast since 2010 and focuses on raising awareness of income generation opportunities and financial issues at family and community levels. The feature format for the radio show is ideal for communicating technical information in detail and helps listeners put new knowledge into practice. ABADE is supporting this radio program to create awareness in the business community and general public of income generation opportunities, in order to stimulate business development, show how to start a business, and explain how to overcome difficulties and who to contact for advice on new business ideas. If people are better informed about the business environment they will be able to more easily expand their business and employ more people. The radio program could lead to concept notes and projects that ABADE may support as Innovation Alliances. Members of the ABADE Public Outreach team will attend monthly meetings at AEPO office to ensure business development goals and ABADE program objectives are reflected in the radio program.

EVENT CEREMONIES

The Public Outreach team ensured that the event materials were branded according to USAID guidelines, participants were invited to events and the venues were setup with ABADE banners centrally displayed at the ceremony. The following events were successfully held, photographed and documented with press releases published by the Public Outreach team on the ABADE website and on Facebook. ABADE outreach materials were distributed to participants.

- ABADE Concept Note Writing Workshop in Herat Province on April 30, 2013
- ABADE Regional Office Opening Event in Herat City on May 27, 2013
- ABADE Regional Office Opening Event in Mazar-i-Sharif on June 3, 2013
- ABADE Concept Note Writing Workshop in Mazar-i-Sharif on June 4, 2013
- ABADE Signing Ceremony for the First Public Private Alliances (PPA) on June 19, 2013

Business Round tables

- BDS Provider Meeting with 52 Afghan BDS Providers on May 01, 2013
- Business Planning Workshop for 5 food processing companies on June 27-28, 2013
- Roundtable on Access to Finance and Technical Assistance on June 16, 2013
- Roundtable for strategic priorities and actions to promote carpet sector on June 26, 2013

OUTREACH AND COMMUNICATION EVENTS

In addition to the three major outreach events held over the last quarter, ABADE has organized application writing workshops in Kabul (April 26, 2013 - 150 participants), Herat (May 17, 2013 - 70 participants), and Mazar-i-Sharif (June 4, 2013 - 90 participants). ABADE attended the first Young Women Entrepreneurs meeting on May 4. This group has over 10,000 members worldwide (New York, Miami, South Africa, Hong Kong, etc.). Twenty participants, both Afghan and

international, discussed objectives and networked, in the aim of sharing information on women in business issues. The ABADE program was presented with an emphasis on support opportunities for women's businesses and on the formation of Innovation Alliances to develop new workplace models. Afghan Forward is a new project created by the international NGO, PARSA, with funding from IDEA/NEW. In June, ABADE made a presentation to over 25 participants of Afghan Forward at the start-up of this new project designed to brand and distribute women-made products in Afghanistan. The ABADE outreach team also met with AWAZ Production House regarding a possible PPA for the production of a documentary or drama show about entrepreneurship in Afghanistan (and ABADE). Similarly, the outreach team contacted AWAZ and TOLO TV, with the aim of preparing an advertising campaign to reach a wider audience of SMEs. The outreach team will finalize the SOW in collaboration with a short-term PPA development specialist prior to tendering the activity.

GENDER HIGHLIGHTS

ABADE's strategic plan for supporting women in business, completed during Quarter 2, has been submitted to USAID. No specific comments have been received and the document has been finalized.

WOMEN OUTREACH

- ABADE attended the first Young Women Entrepreneurs meeting on May 4. This group has over 10,000 members worldwide (New York, Miami, South Africa, Hong Kong, etc.). Twenty participants both Afghan and international, discussed objectives and networking, in the aim of sharing information on women in business issues. The ABADE program was presented with an emphasis on support opportunities for women's businesses and on the formation of Innovation Alliances to develop new workplace models.
- Afghan Forward is a new project created by the international NGO, PARSA, with funding from IDEA/NEW. In June, ABADE made a presentation to over 25 participants of Afghan Forward at the start-up of this new project designed to brand and distribute women-made products in Afghanistan.
- ABADE attended the 10,000 Women Graduation Event, made a presentation, and met with 50 women specially selected because of the maturity of their existing businesses. ABADE's presentation was received enthusiastically, and dozens of RFAs/concept note applications were requested and later emailed to these attendees. Business representatives from the cashmere, food processing, aluminum and other industries were approached during the event to discuss their projects and potential application.
- ABADE staff also reached out to a group of businesswomen identified by USAID as having particular potential (the "Delhi 13") through personal emails and contacts. Several of them either have already submitted concept notes or are in the process of preparing them.
- ABADE regional teams have identified specific groups of women business owners that requested special assistance in concept note preparation. In Herat, after a specific workshop for youth and women entrepreneurs (held at the Women for Women center on June 11) a group of women entrepreneurs in the bakery sector has expressed interest in support. In Mazar-i-Sharif, the Women Garden group (a market place for women) has been contacted.
- ABADE has liaised with organizations that have a high inclusion of young and/or female Afghans. Both Internews and the UN Women Economic Security and Rights team have agreed to provide information about the ABADE PPA opportunities to the SMEs/ organizations within their network.

IMPROVING WOMEN'S ACCESS TO THE WORKFORCE

- Two PPAs have been signed with women owned enterprises;
- ABADE has prepared a series of trainings for women in high value skills in web site design and CAD (see the Component 2 section above). The objective is to train 10 female trainers, who will subsequently train other women entrepreneurs in these high value skills. The recruitment of the training specialists is ongoing, and the training session is planned for August 2013.

ABADE has hired an Afghan female intern to deliver training to women groups in Herat and Mazar-i-Sharif and to follow-up with the women entrepreneurs who have expressed interest in or who have proposed concepts to ABADE.

ENVIRONMENT

The ABADE project is contractually obligated to comply with the terms and references of the Initial Environmental Examination (IEE Amendment 1 - Tracking# OAPA-13-Jan-Afg-0010) approved by the Mission in January 2013. The IEE reporting requirements state that progress reports including quarterly, semi-annual and annual reports, as applicable, will contain sections on environmental compliance. The ABADE Environmental Management Plan (EMP) and the Environmental Manual (EM) were submitted to USAID on April 10, 2013 and were subsequently approved by USAID on April 17, 2013.

The ABADE Environmental Management Plan includes instructions for use of the Environmental Review Form (ERF), including the Supplement to ERF for Natural Resources Activities, and the Environmental Review Report (ERR). These forms are generated for each ABADE subproject (SME Alliance, Public-Private Innovation Alliance, and training that will potentially effect the environment or natural resources), as applicable. ERF/ERR's are being submitted to the ABADE AOR and the Mission Environmental Officer (MEO) for review/clearance prior to submission of the final applications for subproject approval.

At this time, the ERF/ERR for 22 subprojects have been generated by ABADE and approved by the AOR/MEO. The recommended determination for all of these projects has been Negative Determination with Conditions. In 19 cases, an environmental mitigation and monitoring plan (EMMP) describing conditions and measures required during subproject implementation has been required and included in the ERR. The EMMP's will be submitted to USAID yearly in the Annual Report. The environmental compliance tracking table found in Annex 1 provides a list of ABADE subprojects that have received environmental approval to date. In addition to the ERF/ERR for approved subprojects, generation of 23 ERF/ERR—for subprojects that have been pre-approved by USAID—is currently in progress.

PERFORMANCE INDICATORS

Table 1: ABADE Progress Towards Results, Q3 2013

PMP Ind	PERFORMANCE INDICATOR <i>(source of information)</i>	Qtr 03 13: April - June 2013			Cumulative Year 2013			LIFE OF PROJECT Totals		
		Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%
I. Tier I Indicators										
1	500 SMEs supported with ABADE assistance <i>(SME Reg Forms)</i>	50	5	10%	100	5	5%	500	5	1%
2	150 private sector firms that have improved management practices as a result of ABADE assistance <i>(SME Reg forms and survey forms)</i>	15	0	0%	30	0	0%	150	0	0%
3	150 firms receiving ABADE assistance to invest in improved technologies <i>(SME Reg forms)</i>	15	4	27%	30	4	13%	150	4	3%
4	365 public-private alliances formed as a result of ABADE assistance <i>(SME PPA Agreements)</i>	43	4	9%	85	4	5%	365	5	1%
5	41 Innovation public-private alliances formed <i>(Innovation PPA Agreements)</i>	3	1	40%	5	1	20%	41	1	2%
6	USD 180 million in private-public sector alliances established <i>(Innovation and SME PPA Agreements)</i>	\$10,000,000	\$4,560,091	46%	\$40,000,000	\$4,560,091	11%	\$180,000,000	\$4,560,091	3%
7	20% increase in sales by Public-Private Alliance SMEs <i>(SME Registration and Survey forms)</i>	0%	0	0%	5%	0	0%	20%	0	0%
8	40 initiatives that provide alternative workplace models for women <i>(Initiative registration forms)</i>	0	0	0%	10	0	0%	40	0	0%
9	200 women trained in “high value” skills <i>(Graduate registration forms)</i>	0	0	0%	20	0	0%	200	0	0%
II. Tier II Indicators										
A	46,000 Full-Time Equivalent Jobs Created <i>(SME Registration and Survey forms)</i>	0	0	0%	5,000	0	0%	46,000	0	0%
B	10% reduction in the number of days to obtain business licenses <i>(Survey forms)</i>	0	0	0%	6	0	0%	6	0	0%
C	20% reduction in the number of days to obtain construction permits <i>(Survey forms)</i>	0	0	0%	320	0	0%	267	0	0%